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Adam J Hantman 05/15/2007 09:33:59 AM From DB/Inbox: Adam J Hantman

Cable
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C O N F I D E N T I A L SHENYANG 00078

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C O N F I D E N T I A L SECTION 01 OF 02 SHENYANG 000078

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E.O. 12958: DECL: TEN YEARS AFTER KOREAN UNIFICATION
TAGS: [PGOV](#) [PINR](#) [PREL](#) [KN](#) [KS](#) [CH](#)
SUBJECT: NORTH KOREA/CHINA: SMALLER-SCALE SMUGGLING ACROSS
THE BORDER

REF: (A) SHENYANG 31

Classified By: CONSUL GENERAL STEPHEN B. WICKMAN. REASONS 1.4 (B/D).

¶1. (C) SUMMARY: Despite a recent crackdown by PRC and DPRK authorities, Chinese smugglers--often partnering with local North Korean military contacts--reportedly continue to operate near Dandong. A fair amount of smuggling in the area appears to be smaller-scale in nature, though profits can nevertheless be significant in some cases. Undermining PRC efforts to effectively crack down on these activities are corrupt local officials. Our contacts almost universally report that some local police are aware of smugglers' operations. END SUMMARY.

¶2. (C) This cable builds on ref A and draws on two trips to the PRC-DPRK border (March 12-15 and January 8-11), where Poloff visited, inter alia: Dandong and the nearby localities of Donggang, Hushan and Hekou; Yanji, capital of the Yanbian Ethnic Korean Autonomous Prefecture; and Tumen. It is based on firsthand observations, as well as conversations with self-described smugglers and legitimate border traders, as well as with local Chinese contacts friendly with smugglers/traders.

¶3. (C) In a number of areas along the southern end of the PRC-DPRK border, illicit cross-border smuggling persists, complicating the extent to which official trade figures

fully capture the complex reality of PRC-DPRK exchanges--official or otherwise (see ref A for detailed background on the scope and vectors of cross-border smuggling). Poloff on March 12 and 13 met with a number of possible small-scale cross-border smugglers in the vicinity of Dandong--this time in Hushan and Hekou, two villages in Kuandian County--who work with local North Korean military contacts stationed across from their houses on the banks of the Yalu River.

SCOPE, PROFITABILITY, METHODS

¶4. (C) Scrap metal and antiques are among the staples of smaller-scale smuggling around Dandong. Nearly 65 kilometers north of Dandong in Hekou, a local People's Armed Police (PAP) border guard led Poloff to the riverside house of a man the PAP guard described as a friend and smuggler who has contacts with the North Korean military. (NOTE: Poloff was put in touch with the PAP guard by a contact in Dandong friendly with a number of security personnel in the area. END NOTE.) On the banks of the Yalu River, next to an industrial-use scale used to weigh smuggled cargo, the PAP guard showed Poloff a cache of spent North Korean tank-artillery shell casings and scrap copper that his friend had procured from the North Korean military, just a boat ride across the river. Two self-described smugglers in Hekou and three elsewhere in Kuandian County showed Poloff similar caches of scrap copper and iron, in addition to small amounts of North Korean antiques (e.g., porcelain vases, bronze bowls) that they had smuggled into China, intending to sell the items in Dandong's antiques markets.

¶5. (C) Profitability is difficult to discern. One Hekou smuggler reported that copper--the price of which has spiked considerably of late--currently fetched RMB 49 (USD 6.30) per kilo on the black market. According to one Kuandian smuggler, the most successful smuggler in Hushan--a full-time operator, unlike some others who smuggle only to supplement their normal incomes--can afford to pay his "employees" RMB 60,000 (USD 7700) per year, a large sum in an otherwise depressed area. (NOTE: Hushan lies approximately 20 kilometers north of Dandong and falls under Kuandian County's administration; many of its residents live on/near the banks of the Yalu and engage in smuggling on a regular basis to supplement their incomes. END NOTE.)

¶6. (C) Several self-described smugglers in Hushan and Hekou told Poloff that they communicate with their North Korean partners via mobile phones. But the communication is almost always one-way: North Korean military personnel keep their phones turned off during the day, the smugglers said, and only call across the river at night once they have something to sell. Only one smuggler (elsewhere in Kuandian) told Poloff that he communicated with his North Korean partners either by fixing a specific date after each meeting or, on a more ad hoc (and less reliable) basis, by signaling across the Yalu River with light-based codes.

CORRUPTION UNDERMINING CRACKDOWN

¶7. (C) PRC and DPRK authorities have started to crack down on cross-border smuggling recently, according to two Hushan smugglers. Local police, they said, recently announced that those caught would face fines of RMB 5000 (USD 640). Few smugglers Poloff encountered in the Hushan area or beyond seemed terribly worried. A Hushan resident told us one evening after dark, for instance, that a number of small open-bed trucks parked outside several neighboring houses were waiting to transport cargo that would be brought over from North Korea later in the evening.

¶8. (C) Not surprisingly, the complicity of corrupt local

officials complicates PRC efforts to crack down on smuggling. Consistent with Poloff's previous interviews with smugglers (see ref A), interlocutors almost universally reported that local police were well aware of the smuggling and turned a blind eye. Many explicitly noted that maintaining a good relationship with security officials is absolutely essential to their operations. In two locations, Poloff himself was personally directed to smugglers by local PAP border officials either "on the take" (in Qianyang in January) or friendly with local smugglers (in Hekou in March).

WICKMAN